THE BANE OF FRIENDLY RECEIVERSHIPS.

THE judiciary of this country seems to be under the hypnotic charm of the officers of corporations. The facility with which corporation managers, when their individual interests require it, are permitted to precipitate their corporation into a receivership, and have themselves or some "man" whom they can control appointed, leads one to conclude that some judges must believe that the object of the laws creating corporations is to provide "soft places" for certain gentlemen, as officers, while the corporation lives, and, as receivers, after its death.

There is a great outcry among the masses against corporations. Some people, of radically socialistic tendencies, even desire the abolition of all corporate franchises. This, of course, is absurd. However, the abuses which have grown up are such as to imperil the existence of the laws under which corporations are created. When men, who have been swindled in their dealings with corporations, see the very men who have despoiled them appointed receivers, they, almost involuntarily, begin an indiscriminate crusade against corporations ;those that are honestly as well as those that are dishonestly managed, coming within the sweep of their condemnation. The most vicious abuse that has grown up with reference to corporations is "friendly receiverships." The law requires most substantial and urgent grounds for the appointment of a receiver. There is, however, a fascination about the exercise of power; and, on this theory only, can one understand on what meagre and flimsy grounds receivers are appointed. A corporation, through its counsel, recently applied to one of our great judges for a receiver, a "friendly" creditor being the nominal plaintiff. The application showed that the creditor could easily have satisfied his demand out of available assets, if he had so desired. The judge read the application and said indignantly: "This man comes into court and simply asks me to put handcuffs on him. I won't do it." But another judge did.

Many corporations that fail never had the capital that was claimed for them. A collapse comes, and then the men who have brought it about may seek the friendly shelter of a receivership, through which they can remain masters of the situation and practically prevent an investigation by retaining control of its books and papers. In many cases they ought to be sued, for the difference between the actual and the claimed value of what they put in to pay their stock, but who is to bring the suits? The receivers, who in such cases would be both plaintiffs and defendants!

Business failures more often result from poor management than accident, and, in the case of corporations, more frequently from reckless than weak management. Many corporations are wrecked by officers using the corporate funds as if they belonged to them. These wreckers, however, have little difficulty in getting a clean bill of health from the courts in their appointment as receivers. If a corporation manager is so unskilled or reckless that he is unable to keep it going, how can it be that he possesses sufficient ability or stability to operate it successfully as a receiver? Has an order of court the magic power to transform him into a man of business talent and genius? But, you might say, he acts under orders of court. Every one familiar with these matters knows that almost invariably the orders made are such as the receiver, who is supposed to possess the confidence of the court, applies for.

A railroad president, whose wild recklessness was largely responsible

for the deplorable condition of his corporation, experienced no difficulty recently in having himself appointed receiver, and this appointment stood until public opinion forced his retirement. Men float debentures on the theory that they are backed by first mortgages, when, instead, the collateral "securing" them consists of second mortgages or other questionable assets, and yet this seems no obstacle to their appointment as receivers.

Corporation officers often say, "We went into the hands of a receiver because we wanted a little breathing time." The law gives creditors the right to enforce their demands, when due, the same against a corporation as against an individual, and yet the courts appoint receivers for corporations on the flimsiest grounds, and permit them to carry on their business without interruption, but prevents the creditors doing anything, except to sit by and see the managers operate them as they deem proper. The larger number of receiverships are simply placing the strong arm of the court between the officers and the stockholders and creditors. If the officers knew in advance that when their companies failed they would lose control, they would be much more conservative. When they know they will have to seek new positions, they will be less apt to study how to "freeze out" by a receivership the rank and file of the stockholders and creditors. We would then have less "reorganization" schemes, which practically take the small holders by the throat and force them to accept the terms offered.

Courts in appointing receivers should "represent" those who are not present in court, and should appoint men who will guard the rights of all alike. Our corporation laws generally require radical overhauling. When anything besides money constitutes the capital, it should be put in at real value, to be ascertained by responsible public officers, and a statement should be filed, so the public can see what is put in, and at what price. Corporations should be examined at frequent intervals by competent officers, and when the capital is impaired a reduction should be advised, unless the impairment is promptly made good. The law should most rigidly prescribe the duties and define the liabilities of directors. Directors who are there simply for "show" should be weeded out. Insolvent corporations should not be permitted to make preferences. Their property is a trust fund, and should be administered for all creditors alike. And finally, when a corporation through insolvency is unable to continue, some disinterested man should be placed in charge by the courts, or, better still, by some department of the State government having supervision of all corporations.

When the officers of a corporation acknowledge their inability to successfully manage its affairs, by asking for a receiver, they should step down, and give way to some impartial, capable man who has no past to cover up and no selfish schemes to foster. The legislative enactments that breathe life into corporations should place the amplest safeguards around them for the protection of those who are to deal with them. The law should assume such supervision over them as will insure their honest management; and when they can no longer continue without serious peril to the stockholders and creditors, the State should see that their affairs are speedily, honestly, and economically wound up. HENRY WOLLMAN.

PARIS WORKINGMEN'S CAFÉS.

THE workingmen's cafés of Paris, as a class, may best be described by telling of a single evening in one of them. At eight o'clock the café